

INFORMATION ON NEW STEVENS' SUPPLEMENTAL PROPOSAL

PROVIDED BY JAMIE COWAN

LUNCHEON ON JUNE 20, 1985

- o Normal retirement at age 62 with a 2 percent penalty for retiring under age 62. (Individuals with less than 10 years of service would incur a 5 percent penalty under age 62.)
- o Special groups i.e., law enforcement officers and fire fighters can retire at age 55 with no penalty. Special Groups retiring under age 55 would incur a 5 percent penalty for each year under age 55.
- o Plan will provide a supplement to special groups for period between retirement and age 62 when Social Security becomes effective.
- o CIARDS not included in Stevens proposal.
- o Benefits would consist of:
 - a) A defined benefit plan with an accrual rate of 1 percent.
 - b) A defined contribution plan allowing employees to contribute up to 5 percent of gross salary matched on one for one basis by the government.
 - Employees could direct money to:
 1. Treasury Securities
 2. CDs
 3. Market Place/Stock Options
 - c) Social Security
- o Program would follow an add-on approach to Social Security with no offset.
- o There will be provisions for current employees to transfer to the new plan.
- o Proposal will be introduced as an amendment as to existing Civil Service Law.

Not Contributing

*Employees
1090
Dollars
155 590*

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- o Minimum requirements 5 years at age 62; 25 years any age.
- o No information was provided with respect to disability and survivor benefits on the new supplemental proposal.
- o Timetable per Cowan: proposal will be outlined next Tuesday, June 25, introduced, when Congress returns from recess after July 4 and put before full Senate after Labor Day.
- o Cowan advised that in all likelihood budget changes this year will be an increase from 7-9 percent in employee contributions to be effective in 1987 and a reduced COLA formula.
- o Cost of the supplemental plan is estimated to be 21 1/2 percent of payroll. This includes Social Security.
- o Cowan advised that Agency should have its proposal ready before action on this supplemental is finalized either to be added as an addition to this proposal or handled by separate legislation.

QUESTIONS TO GEORGE OWENS

1. Any information on hearings?
2. Is this a sub-committee or full committee proposal?
3. Is the defined contribution portion of Stevens proposal a tax deferred program i.e., 401K/
4. Is salary based on high-three or high-five?
5. Any mandatory contributions required from employees?